

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 AGR-05 EB-07 PA-01 PRS-01 USIA-06

CIAE-00 INR-07 NSAE-00 SS-15 NSC-05 SP-02 L-03 H-02

DODE-00 /070 W

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R 191825Z JUL 76

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 1657

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SECTION 1 OF 2 SAN SALVADOR 3292

E.O. 11652: GDS

TAGS:PGOV, PINT

SUBJECT: INITIAL REACTION TO AGRARIAN TRANSFORMATION'S FIRST  
PROJECT ANNOUNCED

REF: (A) SAN SALVADOR 3022; (B) SAN SALVADOR 3065

1. SUMMARY - THE GOES ANNOUNCED THE EXACT NATURE AND LOCATION OF THE FIRST PROJECT FOR IMPLEMENTATION UNDER THE SALVADORAN INSTITUTE OF AGRARIAN TRANSFORMATION (ISTA) ON JULY 1. ALTHOUGH INITIAL PUBLIC REACTION WAS CAUTIOUS, THE DEBATE SOON TURNED INTO A HARSH NAME-CALLING AND STATISTIC THROWING EMBROGLIO WITH THE NATIONAL ASSOCIATION OF PRIVATE ENTERPRISE (ANEP) ON ONE SIDE AND THE GOES ON THE OTHER. OTHER SECTORS HAVE JOINED THE BATTLE, FOUGHT, FOR THE MOST PART, IN LENGTHY PAID PRONOUNCEMENTS IN THE PRESS. THE TONE OF THE NEWSPAPER CAMPAIGN IS BECOMING SHRILLER WITH EACH EXCHANGE. ANEP CLAIMS: THE PROJECT ZONE WAS PICKED WITHOUT CONSULTATION, AND FOR POLITICAL RATHER THAN TECHNICAL REASONS; IMPLEMENTATION WILL DESTROY THE PRESENT HIGH PRODUCTIVITY OF THAT REGION; AND  
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THE WHOLE SCHEME REPRESENTS A DANGEROUS TURN TOWARDS "TOTAL-

ITARIANISM". THE GOVERNMENT'S RESPONSE WAS THAT ANEP- AND ITS IDEAS, ARE REPRESENTATIVE OF A MINISCULE GROUP WHOSE ONLY FEAR IS THAT ITS MEMBERS MIGHT LOSE SOME OF THEIR PRIVILEGES AND SPECIAL INTERESTS. THE GOES VOWS TO MOVE AHEAD. A MAJOR IRONY OF THE DEBATE IS THAT ANEP HAD BEEN ONE OF THE MAJOR PILLARS OF SUPPORT FOR PRESIDENT MOLINA AND HIS PCN REGIME, AND HAD CONSISTENTLY SUPPORTED THE CANDIDACY OF EX-MOD ROMERO TO SUCCEED MOLINA NEXT YEAR. THE JUXTAPOSITION OF THE ANNOUNCEMENTS OF THIS ISTA PROJECT AND THE RESIGNATION OF ROMERO FROM HIS POSITION, PRESUMABLY TO BE THE PCN CANDIDATE (REFTEL A), HAS PRODUCED AN AVALANCHE OF RUMORS AND SPECULATION AS TO WHAT IT ALL MIGHT MEAN. THERE ARE FEW HARD CONCLUSIONS AS YET. END SUMMARY

2. TWO WEEKS HAVE PASSED SINCE THE GOES ANNOUNCED THE PRECISE LOCATION AND NATURE OF THE FIRST PROJECT TO BE IMPLEMENTED BY ISTA, CREATED UNDER THE JUNE 1975 AGRARIAN TRANSFORMATION ACT. AN OUTLINE OF THE SOME 150 PAGES IN LENGTH PROJECT WAS TRANSMITTED IN REFTEL B. THE EMBASSY HAS OBTAINED A COPY OF THE PROJECT AND WILL TRANSMIT OUR SUBSTANTIVE ANALYSIS AS SOON AS PRELIMINARY STUDY HAS BEEN COMPLETED. THIS MESSAGE IS TO CONVEY INITIAL REACTION AMONG KEY POLITICAL SECTORS - A REACTION WE EAGERLY AWAITED AS A CLUE TO HOW THE GOES MIGHT PROCEED NOW THAT IT HAS AN ACTUAL PROJECT TO WORK ON.

3. FIRST REACTION TO THE PRESIDENT'S JULY 1 ANNOUNCEMENT WAS SUBDUED AND CAUTIOUS. INITIAL NEWSPAPER TREATMENT, ALTHOUGH CARRIED UNDER FRONT PAGE BANNER HEADLINES, WAS CONFINED TO SUMMARY DESCRIPTION OF THE AFFECTED LANDS AND THE PROJECT'S MAJOR INGREDIENTS. IN THE ABSENCE OF SOLID INFORMATION AS TO WHOSE HOLDINGS WOULD BE AFFECTED, AND TO WHAT DEGREE, THE RUMOR MILLS BEGAN TO ROLL. COCKTAIL PARTY TALK FOR THE FIRST WEEK CONCENTRATED ON UNSUBSTANTIATED CLAIMS THAT THIS OR ANOTHER LANDOWNER WOULD LOSE EVERYTHING, AND MIGHT TRY TO TURN THINGS AROUND. SPECULATION WAS RIFE AS TO POSSIBLE LINKAGE BETWEEN THE REVELATION OF THIS FIRST ISTA PROJECT AND THE PRIOR ANNOUNCEMENT THAT MINISTER OF DEFENSE ROMERO WAS PRESIDENT MORALES'S CHOICE TO REPLACE HIM IN 1977 (SAN SALVADOR 3022). THE JUXTAPOSITION OF THE TWO ANNOUNCEMENTS, CONFIDENTIAL

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MANY BELIEVED, MEANT A GREAT DEAL. THE DIFFICULTY WAS THAT THERE WERE AS MANY INTERPRETATIONS AS THERE WERE INTERPRETERS.

4. THE INFORMALITY AND UNSTRUCTURED NATURE OF THE PUBLIC

REACTION CHANGED DRAMATICALLY ON JULY 9 WHEN THE NATIONAL ASSOCIATION OF PROGFATE ENTERPRISE (ANEP) TOOK OUT DOUBLE PAGED ADVERTISEMENTS IN ALL MAJOR PAPERS AND, IN STRONG AND UNMISTAKABLY CRITICAL TERMS, WEIGHED IN AGAINST ISTA'S FIRST

PROJECT. THE ANEP BLAST CONTAINED DENUNCIATION OF BOTH THE STYLE AND SUBSTANCE OF THE GOVERNMENT PROPOSAL. FIRST, ANEP CHARGED THAT THE PROJECT AREA HAD BEEN SELECTED "IN SECRET BY GOVERNMENT PLANNERS", WITHOUT CONSULTATION WITH THE AFFECTED SECTORS, AND FOR POLITICAL RATHER THAN TECHNICAL REASONS. NEXT, ANEP AVERRED THAT THE MANNER IN WHICH THE EXECUTIVE BRANCH PUSHED THE PROJECT THROUGH THE LEGISLATIVE ASSEMBLY (AFTER A SINGLE DAY OF CURSORY DEBATE) CONSTITUTED A NEGATION OF THE ROLE OF THAT BODY AS A VOICE OF THE POPULACE. THIRD, THE ANEP AD CLAIMED THE FARMLANDS ENCOMPASSED IN THIS PROJECT WERE AMONG THE MOST INTENSELY CULTIVATED, PRODUCTIVE AND EFFICIENT IN THE COUNTRY. IMPLEMENTATION OF THE ISTA PROJECT WOULD NEEDLESSLY THREATEN, IF NOT DESTROY, THAT "PROVEN PRODUCTIVITY", LASTLY, THE ANEP MANIFESTO CHARGED THAT THE PROJECT, IF IMPLEMENTED, REPRESENTED AN ABRUPT MOVE IN THE DIRECTION OF "TOTALITARIANISM", OF STATE CONTROL OVER AREAS FORMERLY RESERVED TO PRIVATE ENTERPRISE. THE ANEP AD PURPORTEDLY APPROVED AND SIGNED BY ALL 25 MEMBER ASSOCIATIONS AND FIVE ADDITIONAL GROUPS "IN SOLIDARITY", STATED THAT WHILE IT IS NOT OPPOSED TO A RATIONAL AGRARIAN REFORM PROGRAM, "THE MEMBERSHIP COULD NOT REMAIN SILENT WHEN FACED WITH A GOVERNMENT ORGANIZATION THAT EACH DAY INCREASES STATE INTERFERENCE, IN A NEGATIVE MANNER, IN THE ECONOMIC AND SOCIAL LIFE OF OUR COUNTRY."

5. THE GOES DID NOT LET ANEP'S CRITICISM GO UNCONTESTED. THE VERY NEXT DAY, A TWO PAGE GOVERNMENT RESPONSE WAS INSERTED IN ALL PAPERS. THE GOVERNMENT RIDICULED ANEP'S COMPLAINT THAT THE PROJECT HAD COME AS A "SURPRISE", REMINDING THE READERSHIP THAT FOR FOUR YEARS PRESIDENT MOLINA REPEATEDLY HAS DECLARED HIS INTENTION TO IMPLEMENT A MEANINGFUL AGRARIAN REFORM PROGRAM, CONFIDENTIAL

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AND THAT A FULL YEAR HAS PASSED SINNH ISTA WAS CREATED TO DO JUST THAT. THE ANEP CLAIM THAT THIS FIRST PROJECT INVOLVED THE BEST AND MOST PRODUCTIVE AGRICULTURAL AREAS OF THE COUNTRY WAS REBUTTED WITH AN ARRAY OF STATISTICS DEMONSTRATING THAT, NOTWITHSTANDING THE RICHNESS OF THE LAND, THE ZONE WAS A MICROCOSM OF THE APPALLING AGRARIAN PROBLEMS OF THE COUNTRY - 54 PERCENT UNEMPLOYMENT, 65 PERCENT ILLITERACY, 98 PERCENT LACK OF SANITARY SERVICES, SUPERPOPULATION, ETC. THE GOVERNMENT ON THE CONTRARY, THE GOES SAID IT WISHED TO EXPAND THE BENEFITS OF PRIVATE OWNERSHIP TO THOSE UNABLE TO PARTICIPATE TODAY. THE GOVERNMENT CATEGORICALLY REJECTED ALL OF ANEP'S OBJECTIONS, AND VOWED ITS DETERMINATION TO PROCEED.

DENIED THAT ISTA WAS AN EFFORT TO DESTROY FREE ENTERPRISE.

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R 191825Z JUL 76

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 1658

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

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6. TWO OTHER SECTORS WERE HEARD FROM IN THE SAME MANNER-  
NEWSPAPER ADS. THE UNION COMUNAL SALVADOREAN (UCS), THE  
NATION'S LARGEST ORGANIZED PEASANT MOVEMENT, HAD ANNOUNCED  
ITS EXPECTED "FULL SUPPORT" FOR THE GOVERNMENT PROJECT ON  
JULY 7. THE CATHOLIC UNIVERSITY FOLLOWED WITH A STATEMENT OF  
SUPPORT FOR THE SPIRIT AND THRUST OF THE FIRST PROJECT, AND  
A PROMISE TO CAREFULLY MONITOR AND REPORT TO THE PUBLIC ON  
IMPLEMENTATION. THE UNIVERSITY ALSO PROFFERED ITS TECHNICAL  
AND HUMAN RESOURCES IN SUPPORT OF THE GOVERNMENT'S EFFORTS.

7. THE BATTLE OF NEWSPAPER MANIFESTOS CONTINUES. ANEP  
RESPONDED TO THE GOVERNMENT, WAS ANSWERED IN KIND, AND A THIRD  
ROUND HAS JUST FINISHED. BOTH SIDES PRESENT THEIR STATISTICS  
AND CONCLUSIONS AS GOSPEL. MOST READERS UNDERSTAND THAT NUMBERS,  
PARTICULARLY THE NOTORIOUSLY UNRELIABLE VARIETY AVAILABLE  
HERE, CAN BE USED TO PROVE ANYTHING. IT IS NOT THE SUBSTANCE  
OF THE ARGUMENTS THAT PEOPLE ARE TALKING ABOUT, BUT THE  
INTENSITY OF THE ANEP ATTACK AND GOVERNMENT RESPONSE. EACH  
CYCLE OF ADS HAS BEEN MORE STRIDENT, LESS LOFTY.

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8. COMMENT - THE FIRST BATTLE IS FAR FROM OVER, MUCH LESS THE WAR IT MIGHT REPRESENT. FROM THE FLOOD OF RUMORS, EXAGGERATED FEARS AND EXITED ARGUMENTS OFFERED AT THIS EARLY DATE, IT IS IMPOSSIBLE TO PREDICT WHERE IT ALL MIGHT COME OUT,

OR HOW IT WILL AFFECT THE NATIONAL POLITICS OF THE LAST YEAR OF THE MOLINA ADMINISTRATION. WE ARE TOLD THAT ANEP'S PUBLICITY CAMPAIGN AIMS TO PRESSURE THE GOVERNMENT INTO A DIALOGUE - AN EX POST FACTO CONSULTATION - IN WHICH IT WILL ENDEAVOR TO EXACT ASSURANCES TO PROTECT THE INTERESTS OF ITS MEMBERS. THERE ARE ANY NUMBER OF CURIOUS, NOT AS YET FULLY EXPLAINED, INGREDIENTS IN THE AGRARIAN REFORM ISSUE. FIRST, WHAT HAS BEEN THE ROLE OF THE EX-DEFENSE MINISTER ROMERO IN THE ISTA SCENARIO TO DATE, AND WHAT MIGHT HE DO WITH THE WHOLE ISSUE WHEN AND IF HE MOVES INTO THE PRESIDENCY. THIS FIRST PROJECT IS PROJECTED TO TAKE TWO AND A HALF YEARS TO IMPLEMENT (WHICH MUST BE DONE BEFORE A SECOND PROJECT CAN BE ATTEMPTED ACCORDING TO THE JUNE 1975 ACT). ISTA HAS PLACED ADS IN THE PRESS INFORMING LAND-OWNERS IN THE AFFECTED ZONE THAT THE COMING CROP YEAR WILL NOT BE AFFECTED, I.E., LANDS WILL REMAIN IN PRESENT OWNERSHIP FOR AT LEAST THE NEXT YEAR. THAT LEAVES THE HARD GOVERNMENT DECISIONS AND ACTIONS FOR ROMERO'S FIRST YEAR IN OFFICE. CONSIDERING ROMERO HAD BEEN,

AND PRESUMABLY REMAINS, ANEP'S FAVORITE CANDIDATE TO SUCCEED MOLINA, SOME OBSERVERS QUESTION WHETHER THE GOVERNMENT'S AGRARIAN TRANSFORMATION INTENTIONS ARE SERIOUS, OR MERELY A POLITICAL TACTIC FOR ONE OR ANOTHER ULTERIOR MOTIVE. THE DIFFICULTY WITH THEORIES THAT QUESTION THE SINCERITY OF GOES FOLLOW-THROUGH ON THIS PROJECT LIES IN OFFERING A REASONABLE EXPLANATION OF HOW SUCH A CONCRETE PROPOSAL COULD HELP THE REGIME IF IT IS NOT IMPLEMENTED.

9. AN AGRARIAN REFORM PROGRAM SUCH AS THIS ONE MUST NECESSARILY BE MANAGED WITH THE INVOLVEMENT AND SUPPORT OF THE AGRICULTURE MINISTRY. THUS, ANOTHER "CURIOUS" ASPECT OF THE EVENTS OF THE LAST TWO WEEKS REVOLVES AROUND THE ROLE OF THE MINISTER OF AGRICULTURE IN ALL THIS. ACCORDING TO MANY SOURCES, THE MINISTER (LT. COL. ESCOBAR GARCIA) HAD FOUGHT ISTA IN GENERAL, AND THIS FIRST PROJECT IN PARTICULAR, FROM THE BEGINNING. ESCOBAR GARCIA WAS ALSO ONE OF THE STRONGEST RIVALS TO ROMERO IN THE RACE TO SUCCEED MOLINA IN THE PRESIDENCY.

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ESCOBAR GARCIA DIDN'T RESIGN HIS PORTFOLIO ON JUNE 30 TO COMPLY WITH THE CONSTITUTIONAL REQUIREMENT THAT A MINISTER LEAVE OFFICE ONE

YEAR BEFORE THE PRESIDENTIAL INAUGURATION DATE OR BE  
INELIGIBLE, AND OBVIOUSLY LOST HIS CHANCE AT THE PRESIDENCY.  
RUMORS THEN BEGAN TO FLY OF HIS IMMINENT ASSIGNMENT ABROAD,  
OF HIS BEING OFF ON AN ALCOHOLIC BINGE, AND OF HIS BEING INVOLVED  
IN ONE CONSPIRACY OR ANOTHER. WHATEVER THE REASON, THE MINISTER  
HAS BEEN "UNAVAILABLE" TO EMBASSY CONTACTS SINCE THE PROJECT  
WAS ANNOUNCED.  
CAMPBELL

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## Message Attributes

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